

FTC Proposed Business Opportunity Rule Comments

I would like to express my comments for the Proposed Business Opportunity Rule. As a lawyer and a business owner, I can wholeheartedly support the purpose of your proposed rule. However, I feel that your rule is overbroad in that it accomplishes more than your stated purpose. In addition to attacking illegal pyramid schemes or other “get-rich quick schemes,” the proposed rule makes it more difficult for legitimate business opportunities like Quixtar to flourish by being over-burdensome on small, independent business owners like myself.

My decision to register as a business owner and start building my business powered by Quixtar was rooted in the legality of the business. Since I am a lawyer, I would never have joined any “get-rich-quick” scheme or illegal pyramid. I was introduced to this business according to the rules and regulations and high ethical standards espoused by Quixtar...that is, I was not pressured into registering (and, in fact was informed up front that I could not register during my initial exposure to the business plan) and I understood that simply by registering, no one would make any money until I did the work necessary to earn income according to the bonus scale.

In the 10-11 months I have actively been building my business, I can honestly say that I have reached some of my goals, but the fact that I have not reached all of them is my own fault because it was, and still is, understood that I must do the work to earn the income I desire. Throughout that time, I have abided by those rules and regulations and the code of ethics espoused by Quixtar in my sponsorship of others. I have thoroughly explained the fact that being a business owner through Quixtar isn't a get-rich quick scheme; I have shown them how it is NOT an illegal pyramid through which someone rides the coattails of the person they sponsored by showing them the income they could expect by only sponsoring one or two persons; and have explained the money back guarantee for both their registration and their product purchases.

I see several problems with your current draft of the proposed rule, which reflects why it goes beyond your stated purpose of protecting consumers despite the fact that the average consumer will not participate in a business opportunity such as Quixtar. Instead, legitimate business opportunities like Quixtar attract entrepreneurs.

First and foremost, I vehemently oppose those parts of the proposed rule that violate the privacy rights of either me or other Independent Business Owners. Specifically, a legitimate business opportunity such as Quixtar stands on the credibility of those actively involved in the business that a potential business owner can meet and talk to at any opportunity meeting he or she may attend to become introduced to the business plan. Requiring local references for prospects would put an undue burden on other local business owners to answer calls from my own personal prospects and provide a reference for the business opportunity in general while those business owners are trying to build their own business in their spare time. Additionally, if Independent Business Owners follow the rules and regulations of Quixtar, it should not be necessary to infringe on my own personal privacy rights to provide prospects with my personal financial statements. It could actually be misleading for prospects given the fact that the bonus scale can be quite complicated and varies depending on the number of customers you have in your business with that of someone else at the same volume level that has less customers.

Second, it is outrageous to think that I would be required to disclose past litigation when any public documentation regarding litigation should already be available to any individual seeking that information as part of their decision-making. Further, many consumers are also shareholders in Walmart, Kmart, or other online distributors and are not provided such information before purchasing any of their products, joining their wholesale clubs, or becoming a shareholder...why should a legitimate business opportunity like Quixtar be required to do so? Third, I feel strongly that requiring a 7-day waiting period could merely stifle many business owners' business. By requiring a business opportunity that has a low cost for registration (about \$55-\$65) and a money-back guarantee to provide information on past litigation against the corporation or to have a required 7 day waiting period could prevent a new business owner from being able to sponsor enough people or obtain enough customers to have a significant return on his or her investment in the first month of business ownership rather than the more limited one contemplated by a slow start. None of these stringent requirements should apply to any business opportunity that provides the safeguards found in a money-back guarantee.

In closing, I hope that you will seriously reconsider the language that attacks a legitimate business opportunity like Quixtar. I hope that if you are committed to the portions of the rule that I have expressed concerns about, that you will make exceptions for the over-burdensome protections for "consumers" for a business like Quixtar that already provides protections through a business plan that helps prospects make an informed decision and then allows them to get the minimal amount of money spent to enter the business opportunity back if they change their mind or are not satisfied with their decision.